

**EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
VIRTUAL MEETING
September 1, 2020
5:30 P.M.**

Commissioners may pose questions to staff prior to the scheduled board meeting. To view Commissioners' pre-meeting questions and staff responses, visit <http://www.eweb.org/about-us/board-of-commissioners/2020board-agendas-and-minutes>.

Commissioners Present: Steve Mital, President; Mindy Schlossberg, Vice President; John Brown, Sonya Carlson, Dick Helgeson, Commissioners

Others Present: Frank Lawson, General Manager; Ken Baldwin, Physical Security Supervisor; Jason Heuser, Policy and Governance Program Manager; Lisa Krentz, Support Services Operations Manager; Mike McCann, Generation Manager; Rod Price, Chief Engineering & Operations Officer, Deborah Hart, Chief Financial Officer

President Mital called the Regular Session to order at 5:30 p.m.

Agenda Check

There were no changes or additions to the agenda.

Public Input

President Mital announced there was one person wishing to offer public comment virtually, but they were experiencing technical difficulties; he said he would circle back to Public Input a little later in the meeting, after the technical difficulties were resolved.

Items from Commissioners and General Manager/COVID-19 Update

Commissioner Brown offered that he had shared some photographs of less-than-desirable water conditions at Clear Lake with Mr. Lawson, and he said he would like to hear about any staff findings surrounding the water conditions in certain areas of the lake.

Mr. Lawson said he would make sure staff followed up as soon as possible, and he would report staff's findings back to Commissioner Brown, and the rest of the Board as well.

President Mital reported he had a recent phone meeting with the President of the Springfield Utility Board (SUB), in which they discussed COVID response and policies, and a smooth transition for both Board Presidents, as they stepped down from their respective leadership positions. President Mital said they agreed to brief the incoming Board Presidents on this ongoing conversation, so they may continue it.

Commissioner Carlson recommended the utility take the day after Election Day off, so everyone—no matter their political views—can have a bit of time to process the results.

Commissioner Helgeson said that he had spent the majority of August out of town, and he was in the process of catching up on correspondences.

Mr. Lawson offered the Board a report and PowerPoint presentation on EWEB's response to the COVID-19 pandemic.

Commissioner Brown wondered why there was such a steep decline in the 91+ days account delinquency category.

Mr. Lawson said it was mostly due to those customers signing up for EWEB's special payment terms.

Commissioner Carlson asked if utility service nonpayment ramped back up, would EWEB's debt service rating be at risk.

Mr. Lawson said that, historically, EWEB's number of delinquent accounts was very low, and he did not believe—especially given the pandemic—that the utility's debt service rating would be at risk.

Commissioner Carlson wondered if there was emergency funding available for EWEB to offset unrecoverable debt from service nonpayment.

Mr. Lawson replied there had been discussions surrounding state and federal aid that could be payable directly to the utility. He added this would be a good question for Mr. Heuser after his Legislative and Regional Policy Update report and presentation later in the meeting.

President Mital asked if the last date listed on the bar graph—August 21, 2020—represented the amount of EWEB accounts somewhere within the disconnect process for that day (August 21).

Mr. Lawson said that bar represented a cumulative total, not just for that particular day.

Public Input

Sandra Bishop of Eugene, addressed the Board about the water storage tank project off of 40th Ave. She asked the Board members to take a more direct role in the decision-making pertaining to this property. Ms. Bishop addressed the following points to the Board: she wondered why this project was no longer operating under a Planned Urban Development (PUD) process, and she expressed disappointment at learning no request for proposals (RFP[s]) had been put out for an independent contractor to assess the property from an environmental standpoint, and she asked what the process would be for environmental assessment. She also asked what is the "Zone Verification Process" that is being talked about with the City surrounding this project.

Vice President Schlossberg asked staff for more regular updates on the water reservoir project(s) Ms. Bishop talked about.

Commissioner Helgeson pointed out he attended a neighborhood outreach meeting back in February/March but would also like to hear more about the project via a more detailed briefing at a future meeting. Commissioner Helgeson also requested that staff arrange a tour of the project for commissioners.

Commissioner Carlson thanked Ms. Bishop for her testimony regarding the project and would like to hear the responses from staff on Ms. Bishop's questions. She also said she would be interested in taking a tour of the project whenever possible.

Commissioner Brown said he understood Ms. Bishop's concerns, but it was also concerning that a possible water outage to a large part of the service area could be possible if this project did not move forward quickly, and the College Hill reservoir complex is a time sensitive project to satisfy a State mandate.

Mr. Lawson said there had been much correspondence between EWEB and the people who live in the affected community. He also said a tour of the site could easily be arranged for any Board members and that a status update on the project could be scheduled for the Board as well.

President Mital asked if it was reasonable for the Board to receive an update on this project next month, or the month after.

Mr. Lawson said, since staff was already actively working on this project, it would be no trouble to present information on the project to the Board.

Approval of Consent Calendar – A MINUTES AND ROUTINE CONTRACTS

1. August 4, 2020 Regular Session

2. Mason, Bruce & Girard, Inc. - for Carmen-Smith botanical consulting services. \$400,000 (estimated over 5-year period).

Commissioner Brown moved to approve Consent Calendar – A without item 2. The motion passed unanimously 5:0.

Commissioner Brown pulled item 2. He wondered if there were any criteria for the surveys going into Carmen-Smith botanical consulting services from Mason, Bruce, & Girard.

Mr. McCann clarified this was a task order contract, and the \$400,000 cost of the item was just an estimate, and that the total value of the contract was not to exceed that estimate.

Commissioner Helgeson moved to approve Consent Calendar – A, item 2. The motion passed unanimously 5:0.

Approval of Consent Calendar – B NON-ROUTINE CONTRACTS AND OTHER CONSENT ITEMS

CONTRACTS

3. Altec Inc. - for the use of a cooperative contract for the purchase of a knuckle boom crane with chassis. \$416,000.

4. LR Brabham Inc. - for electric service conversions/relocations as part of the FEMA funded EWEB Hazard Mitigation 406 Project. \$520,000.

Commissioner Brown moved to approve Consent Calendar – B without item 4. The motion passed unanimously 5:0.

Commissioner Carlson pulled item 4. She stated that other bidders chose not to bid and one of the reasons stated was due to the tight timeline. She wondered why the timeframe of this project was so tight.

Mr. Price said the timeframe was tight because the end of the construction season was rapidly approaching, and EWEB only received one bid—the one from LR Brabham Inc. He conceded the project got underway a little later than anticipated due to the COVID-19 pandemic.

Commissioner Carlson moved to approve Consent Calendar – B, item 4. The motion passed unanimously 5:0.

Legislative and Regional Policy Update

Mr. Heuser offered the Board an update and PowerPoint presentation on the current State Legislature as it pertained to EWEB's operations, and regional policy.

Commissioner Carlson again wondered if there was emergency funding available for EWEB to help offset unrecoverable debt from service nonpayment.

Mr. Heuser said the federal CARES act allocated \$9 million to Oregon for the Low-Income Heat and Energy Assistance Program (LIHEAP), and the State had allocated \$15 million to a LIHEAP-like program, that would help ratepayers who are not able to pay their energy bills. He explained that the need in the state of Oregon exceeds the funding currently allocated.

Physical Security Program Overview

Ms. Krentz and Mr. Baldwin offered the Board an overview and PowerPoint presentation on EWEB's physical security program.

Commissioner Brown cited a past example in which the College Hill reservoir facility was broken into, but the Eugene Police Department (EPD) did not consider that facility "critical infrastructure," so they did not respond to the alarm; he wondered if that had been since changed.

Mr. Baldwin said he would prefer to answer that question offline, so that he could go into more detail with Commissioner Brown.

Ms. Krentz offered that a primary benefit of having a qualified in-house security team, is that our officers are trained to respond to events and liaise with police officers. Good relationships are in place and they can stress the importance to law enforcement agencies when necessary.

Mr. Baldwin added that the team's experience and reputation with the agencies enables them to triage an incident and determine whether urgent or emergent response is necessary and what type of resources need to be allocated.

A majority of Board members expressed interest in some sort of Board training or briefing on the role and everyday function of EWEB's physical security, and also perhaps a training on what to do in the event of untoward incidents in the Board Room.

Commissioner Carlson said she would like to learn more about what types of trainings the physical security team has received, such as sensitivity training, and de-escalation.

Commissioner Mital suggested that an annual report/update around this topic be included moving forward.

General Manager Lawson agreed, and suggested that we also include this topic in the new commissioner orientation.

Break

President Mital called for a five-minute break at 7:16 p.m. The break was extended due to technical difficulties. The meeting resumed at 7:25 p.m.

McKenzie Valley Service Territory and Ratemaking

Mr. Lawson offered the Board a report and PowerPoint presentation on the McKenzie Valley service territory and ratemaking for that territory.

Commissioner Carlson inquired what is included in CILT (Contribution in Lieu of Taxes) and how that might interplay with the upriver service territory, and subsequently the COSA (Cost of Service Analysis) for the McKenzie Valley customers.

General Manager Lawson provided a high-level overview on CILT and agreed to follow up with more specifics on the exact calculation.

Ms. Hart added that she could get the expiration date for the wholesale agreement, but the retail side is in perpetuity as part of a state statute unless renegotiated.

President Mital offered that he would support Management's recommendation of establishing a McKenzie Valley electricity rate(s) with some modifications as per the previous point raised by Commissioner Carlson regarding CILT. He also pondered a territory sell or swap with Lane Electric as has been discussed in the past.

Commissioner Brown offered he is conceptually in favor but recognized that a percentage of the bill is paid to the Cities of Eugene and Springfield as CILT and suggested this portion be directed to the County so it could support the unincorporated

areas of the McKenzie Valley. He also requested more information around the economics of a territory swap with Lane Electric.

General Manager Lawson agreed to open dialogue with Lane Electric, and that it could offer benefits to the customers in the McKenzie Valley, especially in terms of representation.

Vice President Schlossberg offered concern about a lack of representation for the McKenzie Valley service territory and that, during this time of the COVID-19 pandemic, it seemed off to her for the utility to be discussing raising rates. She wondered what the timeline of any rate increase(s) would be.

Mr. Lawson returned that gradualism was something EWEB practiced, and any rate increase(s) would be at the Board's discretion. He added the McKenzie service territory had underpaid for utilities for a number of years, and any increases/changes in rates could be handled gradually by EWEB.

Commissioner Helgeson did not support the recommended action. He clarified his position by stating EWEB has had a major presence in the upriver community for 100 years, and the utility has seen great benefit from its presence in that region, and EWEB had entered into its relationship with the upriver community with the full understanding that it would cost the utility more.

Commissioner Brown said he was not ready to make a decision on Management's recommendation but was ready to have a robust discussion with other concerned parties and stakeholders.

Mr. Lawson said he too was looking forward to the developing conversations around this topic. He reminded those present that this conversation was not new and had begun approximately a year-and-a-half ago, when Commissioners asked staff for a Cost of Service Analysis (COSA) for the upriver region.

Commissioner Carlson wondered, if the upriver utility needs were taken on by another provider—such as Lane Electric Cooperative or Emerald People's Utility District (EPUD)—how that would affect EWEB's operations in that region.

Correspondence & Board Agendas

Mr. Lawson offered the Board a report on correspondence and Board agendas.

Board Wrap Up

Commissioner Brown reported he had participated in the quarterly Other Post-Employment Benefits (OPEB) committee meeting.

Both Vice President Schlossberg and Commissioner Carlson said they appreciated the dialogue which unfolded surrounding the McKenzie Valley ratemaking issue. They agreed that it was a good thing to disagree with one's colleagues, as it provides a chance for all involved to learn and to evolve.

Adjourn

President Mital adjourned the Regular Session at 8:15 p.m.

Recorded by Rodney Cimburke

Assistant Secretary

President